

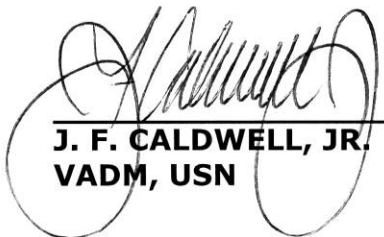
# NAVAL INSPECTOR GENERAL

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## REPORT OF INVESTIGATION

**Subj: NAVY SENIOR OFFICIAL CASE 201402863; ALLEGATION OF FAILING TO USE GOVERNMENT TRAVEL CHARGE CARD FOR EXPENSES RELATED TO OFFICIAL GOVERNMENT TRAVEL BY SPECIAL AGENT CLAUDE R. BALDWIN, III, EXECUTIVE ASSISTANT DIRECTOR FOR GLOBAL OPERATIONS, NAVAL CRIMINAL INVESTIGATIVE SERVICE**



  
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**VADM, USN**

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**Office of the Naval Inspector General****Case Number: 201402863****Report of Investigation****25 February 2015**

Subj: NAVY SENIOR OFFICIAL CASE 201402863; ALLEGATION OF FAILING TO USE GOVERNMENT TRAVEL CHARGE CARD FOR EXPENSES RELATED TO OFFICIAL GOVERNMENT TRAVEL BY SPECIAL AGENT CLAUDE R. BALDWIN, III, EXECUTIVE ASSISTANT DIRECTOR FOR GLOBAL OPERATIONS, NAVAL CRIMINAL INVESTIGATIVE SERVICE

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**Preliminary Statement**

1. On 12 June 2014, we issued a report documenting our review of Temporary Duty (TDY) travel for civilian personnel assigned to the staffs of the Assistant Secretaries of the Navy. The Department of the Navy, Assistant for Administration (DONAA) requested this review.
2. In the course of our review, we uncovered travel records that disclosed that on multiple occasions, going back to at least September 2008, Special Agent (SA) Claude R. Baldwin, III, regularly failed to use his Government Travel Card (GTCC) for expenses other than airfare related to official Government travel.<sup>1</sup> Further review of Mr. Baldwin's travel records disclosed that his travel vouchers were prepared so that cash disbursements that should have been directed to his GTCC account by split disbursement were, instead, directed to his personal bank account.
3. We formed the following allegations for investigation:

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<sup>1</sup> We did not review vouchers for travel that occurred prior to September 2008.

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**Allegation #1:** That SA Baldwin failed to use his GTCC for expenses related to official Government travel in violation of DoD 7000.14-R, Financial Management Regulation (FMR), Volume 9, Chapter 3, "DEPARTMENT OF DEFENSE GOVERNMENT TRAVEL CHARGE CARD (GTCC)," Paragraph 0301, "POLICY AND PURPOSE," Subparagraph 030101.<sup>2</sup>

**Conclusion:** The allegation is substantiated.

**Allegation #2:** That SA Baldwin failed to split disburse expenses charged to his GTCC when he settled his travel related expense claims in violation of DoD 7000.14-R, Financial Management Regulation, Volume 9, Chapter 3, Paragraph 0310, "Program Management Control," Subparagraph 031004, "Split Disbursement."<sup>3</sup>

**Conclusion:** The allegation is substantiated.

**Allegation #3:** That SA Baldwin improperly used his personal credit card for expenses related to official Government travel in violation of 5 Code of Federal Regulations Section 2635, Standards of Conduct for Federal Employees of the Executive Branch, paragraph 2635.101, Basic obligation of public service, subparagraphs (b)(7).

**Conclusion:** The allegation is substantiated.

4. On January 30, 2015, we informed SA Baldwin of our tentative conclusions. In our Preliminary Report of Investigation (PROI), we tentatively substantiated the three allegations. We provided SA Baldwin, through his attorney, with a copy of our PROI and gave him the opportunity to comment on our tentative conclusions.

5. SA Baldwin elected not to comment on our PROI.

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<sup>2</sup> In April 2014 the FMR was revised and the requirement of mandatory use of the GTCC is currently listed at Subparagraph 030501.

<sup>3</sup> The requirement for split disbursement is currently listed at Subparagraph 031007.

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### Background

6. SA Baldwin is the Executive Assistant Director for Global Operations, Naval Criminal Investigative Service (NCIS). In this capacity, he is responsible for seven field offices executing worldwide investigations and operations associated with Espionage, Counterintelligence, Cyber, and Protective Service Operations; Special Access Programs; Contingency Response and High Risk Deployments; Criminal Investigative Task Forces; Technical Surveillance Countermeasures; and Polygraphs. SA Baldwin was promoted to his current position and the Senior Executive Service in March 2011. He joined NCIS in February 1987.

7. From September 2007 to March 2011, SA Baldwin was the Assistant Director (AD) for Human Resources (HR). As the AD, he was responsible for all aspects of HR, to include staffing, pay and entitlements, employee relations, classification, agency training, human capital development, recruitment, and leadership development. When he was the AD for HR, SA Baldwin also served as the NCIS proposing official for all formal discipline in NCIS.

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### Applicable Standards

#### Allegation #1

DoD 7000.14-R, Financial Management Regulation, Volume 9, Chapter 3, "DEPARTMENT OF DEFENSE GOVERNMENT TRAVEL CHARGE CARD (GTCC)," Paragraph 0301, "POLICY AND PURPOSE," Subparagraph 030101.<sup>4</sup>

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<sup>4</sup> For this report we used the FMR version issued in August 2010. We note, where applicable, changes to the FMR.

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8. Subparagraph 030301 states that DoD policy is that all DoD personnel will use the GTCC to pay for "all costs related to official Government travel."<sup>5</sup>

9. Subparagraph 030501 states that unless otherwise exempt, "all DoD personnel are required to use the GTCC for all authorized expenses relating to official government travel."

10. Subparagraph 030502 states that "failure to use the GTCC may subject the traveler to appropriate administrative or disciplinary action."

11. Subparagraph 030603 lists various expenses that are exempt from the mandatory GTCC use requirement. For purposes of this report, expenses for airfare, train fare, hotels, rental cars, parking, and excess baggage fees and not included in the list of exemptions.<sup>6</sup>

### **Allegation #2**

**DoD 7000.14-R, Financial Management Regulation, Volume 9, Chapter 3, Paragraph 0310, "Program Management Control," Subparagraph 031004, "Split Disbursement."**

12. Subparagraph 031004 states: "All DoD personnel are required to split disburse all undisputed charges against the GTCC."

### **Allegation #3**

**5 Code of Federal Regulations Section 2635, Standards of Conduct for Federal Employees of the Executive Branch, Paragraph 2635.101, "Basic obligation of public service," Subparagraph (b) (7) .**

13. Subparagraph (b) (7) states: "Employees shall not use public office for private gain."

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<sup>5</sup> The September 2000 and March 2005 versions of the FMR both included paragraph 0303, "Mandatory Use of the Travel Card."

<sup>6</sup> Prior to August 2010, parking expenses were exempt.

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### **Findings of Fact**

14. The Financial Management Regulation (FMR) requires travelers to submit travel vouchers within 5 business days of returning from a TDY trip.<sup>7</sup> It also requires that the traveler sign the voucher.<sup>8</sup>

15. FMR, Volume 9, Chapter 2, "Defense Travel System (DTS)," Paragraph 203, "Responsibilities," Subparagraph 020302 provides that the traveler is responsible for preparing travel vouchers. It further states:

The traveler also is liable for any false or fraudulent written or oral statements under the False Claims Act (18 U.S.C. 287, 18 U.S.C. 1001 and 31 U.S.C. 3729).

16. DTS is a fully-integrated, automated, end-to-end travel management system that enables DoD travelers to create authorizations and reservations, receive approvals, create and sign travel vouchers, and receive a split disbursement between their bank account and their GTCC account.

17. NCIS Headquarters personnel use DTS for TDY travel. Using DTS, travel authorization and voucher creators digitally sign authorizations or vouchers using their Common Access Card (CAC). The creator of an authorization or a voucher can be the traveler, or someone other than the traveler.

18. After a travel voucher is created, it must be digitally signed by the traveler in order for it to be further processed. Each of the travel vouchers that we reviewed was digitally signed with SA Baldwin's CAC.

19. At NCIS Headquarters, employees assigned to the travel section review travel vouchers after the traveler digitally

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<sup>7</sup> FMR, Volume 9, Chapter 3, Paragraph 0302, Subparagraph 030208.

<sup>8</sup> The JTR permits "T signing," where the voucher is digitally signed by someone other than the traveler. In such instances, the traveler must sign a paper copy of the voucher that is uploaded into DTS. We found no travel vouchers that were T signed.

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signs the voucher. DTS notifies reviewers when a travel voucher is signed and is waiting for processing.

20. After reviewing vouchers, the reviewer forwards vouchers to the Approving Official (AO). AOs are responsible for approving and certifying travel claims for validity. With regard to SA Baldwin's TDY travel, AOs are NCIS employees assigned to directorates and appointed as AOs in addition to their primary duties. AOs digitally sign the voucher when they approve a voucher.

21. When the default method for disbursing funds for airfare and hotel expenses into the traveler's GTCC account is not used, in most instances a flag comes up in the "Pre-Audit Justifications" section of the voucher. The creator, traveler, reviewer, or AO must provide a justification in order for DTS to process the voucher. Instances in which split disbursement is reduced also trigger a flag requiring a justification.

22. DTS is an auditable system. DTS date stamps (with date and time) each step, from creating to archiving, of the travel voucher process. DTS also identifies the CAC that digitally signed the voucher at each step.

### **Allegation #1**

23. We reviewed DTS documents for more than 50 TDY trips that SA Baldwin took from September 2008 to the present. For each TDY in which SA Baldwin took commercial air travel, he used his GTCC to pay for his ticket, as required. We determined, however, that up until 13 November 2014, when we notified SA Baldwin that he was the subject of this investigation, SA Baldwin used his personal credit card to pay for the overwhelming majority of every other TDY-related expense that he incurred. These expenses for which he failed to use his GTCC included rail fare, hotels, rental vehicles, gas, and parking.<sup>9</sup>

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<sup>9</sup> NAVPERSCOMINST 4651.1, "Defense Travel System (DTS) Business Rules," Paragraph 9.a., Rental Vehicles, states that use of a personal credit card is

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24. SA Baldwin's GTCC records establish that from 2009 to when he was notified of our investigation, he used his GTCC to pay for expenses other than airfare on 18 occasions. These included: lodging at Navy Gateway Inns 5 times and commercial hotels 2 times, car rental 1 time, conference fees 3 times, and excess baggage fees on 6 flights.<sup>10</sup>

25. SA Baldwin acknowledged that he regularly used his personal credit card for expenses, other than airfare, related to his official travel. He asserted that he was unaware that he was required to use the GTCC. He stated that he understood that use of the GTCC "was preferable in order to charge things on the government credit card so that disbursement could pay off the government credit card." SA Baldwin testified that he used his personal credit card "probably from the start of time," and "since the start of DTS."

26. SA Baldwin testified that he only learned that the GTCC was required for expenses related to official travel when he was notified of this investigation. He stated that after being informed of the requirement on November, he used his GTCC while TDY to Singapore and Columbia, SC, from 14 to 20 November. SA Baldwin has not been on any further TDY travel.

27. Beginning in January 2014, SA Baldwin's travel authorizations stated: "Traveler is exempt from the mandatory provisions of the TTRA."<sup>11</sup> Such an exemption would mean that SA Baldwin was not required to use his GTCC.<sup>12</sup>

28. FMR, Volume 9, Chapter 3, Paragraph 305, Subparagraph 030503 states:

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not authorized and will negate the contract between the Government and the rental car agency.

<sup>10</sup> SA Baldwin used his GTCC for one additional purchase, but we were unable to determine the purpose for the expense.

<sup>11</sup> Prior to 2014, SA Baldwin's orders stated, "Traveler is non-exempt from the mandatory provisions of the TTRA."

<sup>12</sup> FMR, Volume 9, Chapter 3, Paragraph 0306, "Exemptions," lists classes of personnel exempt from the mandatory use of the GTCC. None of the exemptions apply to SA Baldwin.

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All travel orders/authorizations will include the following statement notifying travelers of the requirements of the TTRA [Travel and Transportation Reform Act of 1998<sup>13</sup>]: "The TTRA stipulates that the GTCC will be used by all U.S. Government personnel, civilian and military, to pay for costs incident to official Government travel unless specifically exempt." Travel orders/Authorizations will also include:

. . .

B. If the traveler has a GTCC, indicate [on the travel order/authorization] whether the traveler is exempt from mandatory use under TTRA. This statement also authorizes alternative payment methods.

29. SA Baldwin testified that he was unaware that the orders stated that he was exempt from the provisions of TRAA. He said he did not know who put that statement on his orders or what it meant. He said he had no reason to believe that he was exempt from the provisions of the TRAA.

30. We interviewed the people responsible for creating the authorizations and they all were not aware that the statement was on the authorizations and did not know how it got there. We were not able to determine how or why the statement was included.

## **Allegation #2**

31. The FMR requires that DoD personnel split disburse all undisputed charges made on their GTCC. In order to support the split disbursement requirement, the Defense Travel System (DTS) automatically includes airline, rail, hotel, and rental vehicle expenses in the amount disbursed directly to the GTCC vendor. For other expenses, including parking and excess baggage fees,

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the creator has an option to have the disbursement made to the traveler's GTCC account or personal bank account.

32. DTS records establish that up until SA Baldwin was informed of our investigation, his travel vouchers were prepared so that official travel expenses that he paid using his GTCC were often not disbursed to his GTCC account. We found two separate ways that were used so that DTS's automatic disbursement of airline, rail, hotel, and rental vehicle expenses into SA Baldwin's GTCC account was avoided.

33. We reviewed 16 vouchers that were created between September 2008 and October 2010. SA Baldwin was at the time the AD for HR and assigned to the NCIS "front office." For 14 of these vouchers, SA Baldwin's CAC was used to create the voucher.

(b) (6), (b) (7) (c) is listed as the creator of the remaining two vouchers. (b) (6) testified that during this period she often used SA Baldwin's CAC to create vouchers.

34. (b) (6), (b) (7) (c) testified that SA Baldwin told her that he wanted the entire voucher payment to go to his personal bank account. Accordingly, on each of the vouchers she prepared for SA Baldwin, the vouchers state that an amount equal to airfare and lodging was "previously paid" to the GTCC.<sup>14</sup>

35. (b) (6), (b) (7) (c) testified that she prepared the vouchers the way she did at the direction of SA Baldwin. She stated:

And he would tell me when he sat down with me to do his voucher. He would tell me exactly what went on his credit card, or what had already been previously paid to his credit card. And he asked me to push it to personal, which was all done in DTS.

36. Regarding the reason for changing the automatic disbursement, (b) (6) further testified:

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<sup>14</sup> On some vouchers (b) (6) also included "Other Expenses," such as rental car expenses, parking, hotel tax, and taxis in the previously paid amount.

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There would be some occasions, where his (b)(6), (b)(7), or he, or someone may have paid his government credit card ahead of time. So then, he would have me transfer the balance on the actual DTS voucher to pay personal vice the credit card, because the credit card was paid in advance.

37. (b)(6), (b)(7)(c) also stated that after she prepared a voucher, she would print out a hard copy of the voucher for SA Baldwin to review with her. She testified that only after he reviewed the voucher did she sign it using his CAC.

38. (b)(6), (b)(7)(c) stated that of the NCIS front office personnel for whom she prepared vouchers, only SA Baldwin directed her to have funds not disbursed to the GTCC account by split disbursement.

39. For the vouchers in which amounts were listed as being previously paid, flags came up in the Pre-Audit Justifications section of the voucher. Justifications that were inputted on the vouchers included:

- "Traveler already paid balance on govcc;"
- "Traveler has already paid govcc;"
- "Authorized by traveler;" and
- "Authorized - paid by traveler."

40. (b)(6), (b)(7)(c) testified that she inputted the justifications that are in the vouchers. She said that she put in the justifications based on information that SA Baldwin provided to her.

41. From 25 to 27 January 2011, SA Baldwin attended a conference in Atlanta, GA. The voucher for this trip was created on 1 February 2011 with SA Baldwin's CAC.<sup>15</sup> It was signed on 7 February, with SA Baldwin's CAC. We reviewed an e-mail exchange related to the creation of this voucher, dated 7 February, between SA Baldwin and (b)(6), (b)(7)(c), (b)(6), (b)(7)(c).

<sup>15</sup> We could not determine who created this voucher.

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(b)(6), (b)(7)(c) (b)(6), (b)(7)(c) wrote, "Are you claiming all expenses under your personal account? Not government?" SA Baldwin responded and wrote:

Yes. . .my (b)(6), (b)(7)(c) has already paid the credit card bill. . .last month I had a \$4k credit on the credit card. . .so everything to me nothing to the card. . .thanks in advance.! (ellipses in e-mail)

42. After receiving SA Baldwin's response, (b)(6), (b)(7)(c) signed the voucher as the reviewer. The AO approved the voucher the next morning. The entire amount claimed on the voucher, \$1,442.34, was paid to SA Baldwin's personal bank account.

43. This voucher was prepared differently than the vouchers that (b)(6), (b)(7)(c) had prepared. It listed the cost of airfare in Block 3 of the voucher as \$0.00. Block 3 should have reflected the cost of the airfare, which was \$287.40. The cost for airfare was listed on the voucher in the area for "Subsistence And Other Reimbursable Expenses."

44. In DTS, when preparing a voucher, the cost of airfare automatically posts to Block 3. In order for Block 3 to list \$0.00, the voucher creator had to manually change the automatically posted value and input the value to \$0.00.

45. (b)(6), (b)(7)(c), (b)(6), (b)(7)(c) created 24 travel vouchers for SA Baldwin from September 2011 to August 2013. For 17 of those travel vouchers she was also the AO.

46. For 15 of the TDY trips SA Baldwin traveled by commercial air and purchased his tickets with his GTCC. For each of those vouchers (b)(6), (b)(7)(c) listed \$0.00 as the cost of airfare in Block 3.

47. (b)(6), (b)(7)(c) testified she prepared vouchers for SA Baldwin because he did not have an administrative staff. In addition to creating SA Baldwin's travel vouchers, she also approved vouchers for SA Baldwin and other personnel assigned to Global Operations.

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48. (b)(6), (b)(7)(c) testified that for all the vouchers that she prepared for him, she used his CAC to sign approximately 60 to 70 percent of those vouchers. She added that for the vouchers that she signed using his CAC she first gave him a hardcopy version of the voucher for his review.

49. (b)(6), (b)(7)(c) testified that she also selected personal credit card as the payment method for SA Baldwin's lodging. She said that flags often came up in the Pre-Audit Justifications section while preparing the vouchers because she selected personal credit card. Justifications she inputted into DTS for not using the GTCC included:

- "GOVCC was already reimbursed;"
- "Hotel expenses have already been reimbursed to the Gov CC;"
- "Authorized;" and
- "OK."

50. Regarding the reason that she set the cost of flights in Block 3 of the vouchers to \$0.00, (b)(6), (b)(7)(c) stated:

These things we had to do just to get around the DTS system that blocks it in and this is the way that I found in the five minutes that I had among all my other responsibilities.

51. (b)(6), (b)(7)(c) testified that she spoke with (b)(6), (b)(7)(c), about how to prepare the vouchers so that the funds would be disbursed to SA Baldwin's personal bank account. (b)(6), (b)(7)(c) said that (b)(6), (b)(7)(c) told her, "I don't know if he's supposed to be doing it that way, but this is the way it can be done if that's the way he wants."

52. (b)(6), (b)(7)(c) stated SA Baldwin did not tell her how to fill out the voucher, only that he wanted everything paid to his personal bank account. She added, "There's something about hierarchy, you know, an SES telling you to do something when we're down here on the ladder."

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53. During the period that (b) (6), (b) (7) (c) was preparing vouchers for SA Baldwin, (b) (6), (b) (7) (c), (b) (6), (b) (7) (c) (b) (6), (b) (7) (c)), was her first-line supervisor. (b) (6), (b) (7) (c) testified that she recalled a conversation with "the DTS help desk" that she and (b) (6), (b) (7) (c) had to find out how to have funds disbursed to SA Baldwin's personal bank account. She stated that they made the call "because all I ever knew is that these things [airfare and lodging expenses] were automatically government credit card, and there was no option to change it."

54. (b) (6), (b) (7) (c) testified that she approved (b) (6), (b) (7) (c) changing the voucher because she was doing what SA Baldwin directed her to do. She stated, "I do what my boss tells me to do," and that "he wanted the expenses to go to personal and not be paid to the government credit card." (b) (6), (b) (7) (c) testified that she did not question SA Baldwin's wish to have the money paid to his personal bank account and that other than "the DTS person" did not discuss his vouchers with anyone.

55. (b) (6), (b) (7) (c) approved four vouchers that (b) (6), (b) (7) (c) prepared for SA Baldwin's travel. (b) (6), (b) (7) (c) testified that in addition to approving SA Baldwin's travel vouchers she is an AO "for a lot of people." She said that SA Baldwin's travel vouchers were unique regarding the split disbursement.

56. (b) (6), (b) (7) (c) testified that SA Baldwin told her that the reason that he wanted his vouchers paid to his personal bank account was "his (b) (6), (b) (7) (c) pays the bill, and then he gets the money put into a personal account that is his personal money to use." She added:

So you could say almost as if that was his (b) (6), (b) (7) (c) giving him an allowance. I mean that was his money to use for whatever he wanted. He goes golfing a lot, you know. So it was, if he wanted to go on a golfing trip, if he had the money in his account to go on this trip, then he would go on a trip.

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57. Beginning with a TDY to Jacksonville, FL, in February 2014, and continuing until July 2014, (b) (6), (b) (7)(c) created the next six vouchers for SA Baldwin's TDY travel.<sup>16</sup> For each of these vouchers (b) (6), (b) (7)(c) had the cost of airfare disbursed to SA Baldwin's GTCC account.

58. (b) (6), (b) (7)(c) to Mr. Baldwin and (b) (6), (b) (7)(c), created the next three vouchers for SA Baldwin's TDY travel. The first voucher was for a trip SA Baldwin took to Norfolk Naval Air Station on 15 and 16 October. SA Baldwin used his privately owned vehicle to travel. He stayed one night at the Navy Gateway Inns and used his personal credit card to pay for his stay. (b) (6), (b) (7)(c) testified that she did not notice that he had used his personal credit card. Accordingly, the cost of lodging (\$58.00) was disbursed to his GTCC account.<sup>17</sup>

59. (b) (6), (b) (7)(c) created two additional vouchers for SA Baldwin's TDY travel; 25 to 29 October to Orlando, FL, and Ottawa, Canada, and 3 to 5 November, to Orlando, FL. Both vouchers were created by (b) (6), (b) (7)(c) and signed by SA Baldwin on 13 November.

60. For both of these vouchers (b) (6), (b) (7)(c) subtracted the cost of lodging from the amount disbursed to the GTCC account by stating that SA Baldwin had made previous payments to this GTCC. In the Pre-Audit Justifications (b) (6), (b) (7)(c) wrote, "Traveler approved" and "Traveler authorized."

61. (b) (6), (b) (7)(c) testified that she did not realize that SA Baldwin had used his personal credit card when she created the voucher for his TDY trip to Norfolk on 15 and 16 October. She added, however, that when she created the latter two vouchers she realized that he was using his personal credit card.

<sup>16</sup> In each of these vouchers, Block 3 accurately reflects the cost of the airfare. SA Baldwin used his GTCC for the purchase of all airfare. However, he used his personal credit card to pay for all other expenses, but for one rental car and one hotel.

<sup>17</sup> Since SA Baldwin did not use his GTCC for lodging, this resulted in a credit on SA Baldwin's GTCC account.

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62. (b) (6), (b) (7) (c) said that she asked SA Baldwin about his use of his personal credit card. She stated, "My concern is that that was irregular." She said she told SA Baldwin that DTS defaults to the GTCC and that in order to disburse the money to his personal account she would need to do some "jerry-rigging."

(b) (6), (b) (7) (c) testified that SA Baldwin responded "Yeah, it's fine, I've always done it that way."

63. (b) (6), (b) (7) (c) further testified that SA Baldwin told her it was his normal practice to use his personal credit card and that she should speak with the administrative people who prepared his vouchers in the past. She said that she spoke with (b) (6), (b) (7) (c) who told her how to change the split disbursement.

64. (b) (6), (b) (7) (c) testified that she has traveled extensively and was concerned about SA Baldwin's use of his personal credit card. She noted, however, that SA Baldwin's use of the card appeared to be his normal course of action. She stated:

But everybody here seems to think that that's normal. So, I thought ok, this is strange. He indicated that "Hey, this is how it's been done, and you know, go ask the admin folks how it's done." . . . And I asked the admin ladies, and so it would appear to me that there's kind of an air of, yeah, it's totally normal.<sup>18</sup>

65. (b) (6), (b) (7) (c) testified that she reviewed the travel policy regarding the use of the GTCC for TDY travel related expenses and believed that it was required. She said that she planned to discuss the issue with SA Baldwin but that he departed on TDY travel before she had an opportunity.

66. SA Baldwin denied that he ever directed his administrative support staff to disburse funds only to his personal bank account. He stated, "I've always said that that [airfare] should be paid with split disbursement," and, "I don't ever

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<sup>18</sup> (b) (6), (b) (7) (c) stated that, with the exception of SA Baldwin, she did not believe that the use of personal credit cards for TDY travel related expenses was a normal practice for NCIS Headquarters personnel generally.

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recall saying, 'Put the airfare on my personal account,' no".

67. SA Baldwin also testified that he was aware that his vouchers were not using split disbursement. He stated that the funds that were disbursed to his personal account went to what he referred to as his "rat hole money," "golf account money," and "golf fund." He testified:

The split disbursement piece that comes to me goes into my golf account money, and my (b)(6), (b)(7) pays whatever bills are on my personal credit card or the government credit card out of the household money. . . . So it's a way to save money for me to go on golf trips.

68. SA Baldwin also stated he did not use split disbursements because he had instances in which he carried large credits on his GTCC account. SA Baldwin stated:

Because there were numerous instances in, probably around the 2011 timeframe, in which I had a credit on my government credit card. Because before I have been paid for by the claim, my (b)(6), (b)(7) had already paid the full amount on the government credit card. So when I would tell Admin that, I would say, "That's our - that has already been paid by my (b)(6), (b)(7)." So basically, my (b)(6), (b)(7) had fronted the money to pay for the ticket prior to me getting paid by the claim.

69. SA Baldwin also stated:

There were three or four instances where I had a substantial credit on my government credit card. A couple of times, I carried that for a month because I knew there was another trip that was upcoming, and a couple times, I asked for the refund and got the refund back.

Since that was a problem, I had - I have told my (b)(6), (b)(7) to pay everything on the government credit

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card, not to pay into airfare on the government credit card, because that will be paid direct by split disbursement, and that has been the practice for several years, to my knowledge.<sup>19</sup>

70. We reviewed SA Baldwin's GTCC statements from 2009 to the present. The months in which he had credits and the amounts were:

- September 2009 - Credit for \$326.60;
- December 2010 - Credit for \$4,024.83;
- April 2011 - Credit for \$1,173.40;
- November 2011 - Credit for \$65.60;
- November 2012 - Credit for \$642.10;
- July 2013 - Credit for \$459.20;
- March, April, May 2014 - Credit for \$40.00; and
- July 2014 - Credit for \$39.89.

71. We determined that the December 2010 credit of \$4,024.60 occurred because (b) (6) prepared two vouchers for SA Baldwin's TDY travel in which she had the cost of airfare and hotels disbursed to his GTCC account.

72. One voucher, for TDY travel to Kuwait from 31 October to 6 November 2010, was created on 29 November, more than 3 weeks after SA Baldwin returned from TDY. The voucher was signed with SA Baldwin's CAC on 30 November and paid on 1 December. For this voucher (b) (6), (b) (7) (c) did not change the default disbursement for the airfare (\$3,163.60) and lodging (\$776.23). Accordingly, \$3,939.83 was disbursed to SA Baldwin's GTCC account.

73. SA Baldwin's GTCC records establish that the charge for the airfare posted to SA Baldwin's account on 1 November and was paid on 26 November (this payment was made by SA Baldwin or his (b) (6), (b) (7) (c)). The records also show that the \$3,939.83 that was disbursed to his GTCC account, was deposited into the account

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<sup>19</sup> Other than charges for airfare, SA Baldwin seldom used his GTCC for TDY related expenses.

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subsequent to the payment and, therefore, resulted in a credit of \$3,939.83.

74. A second voucher for a trip to Columbia, SC, from 17 to 18 November 2010, was created on 30 November and signed with SA Baldwin's CAC on 30 November. Once again, (b) (6) did not change the default disbursement for the airfare (airfare \$1415.40) and lodging (\$85.00). SA Baldwin or his (b) (6), (b) (7)(c) did not separately pay the cost of the airfare when the GTCC invoice was paid. However, since he did not use his GTCC for lodging, the disbursement resulted in an \$85.00 credit.

75. SA Baldwin's GTCC statement, dated 6 December 2010, establishes that he had a credit of \$4,024.83. This credit reflects the \$3,939.83 and the \$85.00 credits discussed above. On 20 December, SA Baldwin received a credit balance refund for \$4,024.83.

76. The April 2011 credit for \$1,173.40 also arose because a voucher was prepared in which the airfare and hotel expenses were disbursed to SA Baldwin's GTCC account.<sup>20</sup> SA Baldwin used his GTCC for airfare and lodging at a Navy Gateway Inn for this trip. A voucher was created and signed using SA Baldwin's CAC. The voucher was prepared with the costs for airfare (\$1,039.40) and lodging (\$134.00) being disbursed to his GTCC account (\$1,173.40). The remainder of the claim was disbursed to his personal account.

77. SA Baldwin's GTCC account records establish that the split disbursement payment of \$1,173.40 posted to his account on 11 April. It also establishes that a separate payment (made by SA Baldwin or his (b) (6), (b) (7)(c) for \$1,173.40 posted on 28 April. This double payment resulted in a credit to his account for \$1,173.40. The credit was extinguished in July, with \$1,000 being used to offset the cost of airfare and a \$173.40 credit refund to SA Baldwin on 11 July.

78. A further reason that SA Baldwin provided for not using split disbursement was because he was concerned that it would

<sup>20</sup> We could not determine who prepared this voucher.

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negatively impact his credit rating and he would be put on a NCIS late-payment list if payment was not made within 30 days. He discussed one instance related to trip to Madrid, Spain, where he said that because of the timing of a split disbursement payment he was put on a late payment list. He added that he learned that the disbursement was made the day after the list was compiled.

79. The TDY travel to Madrid that SA Baldwin discussed was from 13 to September 26, 2014. DTS records establish that the charge for the airline ticket posted to his GTCC account on 1 September. The travel voucher for this trip was prepared on October 22, nearly one month after returning, signed by SA Baldwin on October 22, and disbursed to his GTCC on October 28.

### **Allegation #3**

80. Prior to our interview, we sent an e-mail to SA Baldwin's attorney in which we requested that SA Baldwin provide copies of his recent personal credit card statements. We informed his attorney the reason for the request was so that we could determine whether SA Baldwin was earning rewards on his purchases, such as points, miles, or cash back and what that reward was. SA Baldwin did not provide a copy of his credit card statement.<sup>21</sup>

81. SA Baldwin testified that he received "airline points" on purchases on the personal credit card he used for TDY-related expenses.<sup>22</sup> He stated that the points were "not in my name, in my (b) (6), (b) (7)(c) name."

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<sup>21</sup> We renewed our request for a copy of the credit card statement during the interview. SA Baldwin's attorney stated that they would review the statement and take the request "under advisement." In a follow up e-mail to SA Baldwin's attorney we requested the statement again. The attorney responded that he would contact SA Baldwin and get back to us. We received no further response to our request.

<sup>22</sup> Travelers are not prohibited from belonging to airline and hotel "loyalty" programs and obtaining mileage or points associated with their official travel. The Joint Travel Regulations provides that a traveler on official

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**Analysis and Conclusions**

82. As a preliminary matter, we note that in some instances we were faced with conflicting testimony between witnesses and SA Baldwin regarding various facts that are addressed in this Report of Investigation. In instances where SA Baldwin's testimony is not in agreement with the testimony of the witnesses, we relied on the testimony of the witnesses, as addressed below.

83. Based on the testimony of the witnesses and other evidence, we determined that SA Baldwin regularly reviewed the vouchers prior to their signing, whether signed by him or his administrative support personnel with his CAC.

84. We also determined that he directed (b) (6) and (b) (6), (b) (7) (c) to have funds for purchases made on his GTCC disbursed to his personal account. We concluded that he told (b) (6), (b) (7) (c) and (b) (6) that his (b) (6), (b) (7) (c) had previously made payment to his GTCC account for purchases made on the GTCC. Although SA Baldwin denied this, we found that his testimony was not credible.

85. In making our assessment of the weight to be applied to the conflicting evidence we considered the Pre-Audit Justifications that both (b) (6), (b) (7) (c) and (b) (6) included on the vouchers, including "Traveler already paid balance on govcc;" "Traveler has already paid govcc;" "GOVCC was already reimbursed;" and "Hotel expenses have already been reimbursed to the Gov CC." We were persuaded that these contemporaneous comments, made years before our investigation began, accurately reflect what SA Baldwin told (b) (6) and (b) (6), (b) (7) (c). We also considered that both (b) (6) and (b) (6) provided consistent testimony with each other.

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business may keep promotional material (including frequent traveler benefits such as points or miles, upgrades, or access to carrier clubs or facilities) for personal use. Accordingly, a traveler can obtain points for using a specific airline or hotel, but may not use their personal credit card in order to earn such points.

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**Allegation #1:** That SA Baldwin failed to use his GTCC for expenses related to official Government travel in violation of DoD 7000.14-R, Financial Management Regulation, Volume 9, Chapter 3, "DEPARTMENT OF DEFENSE GOVERNMENT TRAVEL CHARGE CARD (GTCC)," Paragraph 0301, "POLICY AND PURPOSE," Subparagraph 030101.

86. We concluded that SA Baldwin failed to use his GTCC for expenses related to official Government travel. The travel vouchers, GTCC statements, witness statements, and SA Baldwin's testimony all establish that he did not use his GTCC as required. But for the cost of airfare, SA Baldwin regularly used his personal credit card to pay for all other TDY-related expenses. It was the exception when SA Baldwin used his GTCC to pay for any other expenses. GTCC records establish that SA Baldwin used his GTCC for TDY-related expenses 12 times from 2009 to when he was notified of our investigation in November 2014.

87. SA Baldwin testified that he did not know that he was required to use his GTCC, and that he only thought that it "was preferable." We were unable to discover evidence that refuted this assertion.

88. Although his travel authorizations beginning in 2014 stated that he was exempt from the mandatory use of the GTCC, we found no evidence that supported such an exemption. Further, we were not able to determine how the statement was placed on the authorizations, but concluded that the statement was not valid and had no impact on our assessment of SA Baldwin's failure to use his GTCC.

**Conclusion:**

89. The allegation is substantiated.

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**Allegation #2:** That SA Baldwin failed to split disburse expenses charged to his GTCC when he settled his travel related expense claims in violation of DoD 7000.14-R, Financial Management Regulation, Volume 9, Chapter 3, Paragraph 0310, "Program Management Control," Subparagraph 031004, "Split Disbursement."

90. We concluded that SA Baldwin failed to use split disbursement for expenses made on his GTCC. SA Baldwin's practice was to use his GTCC only for airfare, with some exceptions, and not for other TDY-related expenses. Therefore, only expenses on his GTCC were subject to the split disbursement requirement.

91. SA Baldwin testified that he never directed that expenses related to his airfare not be paid by split disbursement. Specially, he stated, "I've always said that that [airfare] should be paid with split disbursement."

92. We determined that SA Baldwin's assertion was not credible. The testimony of witnesses, as well as SA Baldwin's own testimony, and other evidence establishes that SA Baldwin had, in fact, directed that his expenses for airfare be disbursed to his personal bank account and not his GTCC account.

93. (b) (6) and (b) (6) both stated that they prepared the vouchers so that payments for airfare were made to his personal account because SA Baldwin told them that is how he wanted the vouchers paid. They both testified that SA Baldwin told them that his (b) (6), (b) (7) had already paid the GTCC account, and that they should therefore have the funds disbursed to his personal bank account.

94. We also considered SA Baldwin's 7 February 2011 e-mail to (b) (6), (b) (7) (c) in which he responded to her question about paying the voucher. He wrote that his (b) (6), (b) (7) had already paid the expense "so everything to me nothing to the card."

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95. Additionally, we considered that in his testimony, SA Baldwin provided three reasons for not using split disbursement: 1) to fund his "golf fund"; 2) because he had experiences of large credits on his GTCC; and 3) his concern that split disbursement would impact his credit rating.

96. We were persuaded that SA Baldwin had money disbursed into his personal bank account to fund his golf fund.

97. Regarding credits to SA Baldwin's GTCC account, SA Baldwin testified that there "three or four instances where [he] had a substantial credit" that were "probably around the 2011 timeframe." As we discussed above, in October and November 2010, (b)(6), (b)(7)(C) prepared two vouchers in which she had payments for airfare and lodging disbursed to SA Baldwin's GTCC account by split disbursement. Additionally, in April 2011, another voucher was prepared in which the payment for airfare and lodging was disbursed to SA Baldwin's GTCC account. For each of these vouchers, the credit card bills were separately paid by SA Baldwin or his (b)(6), (b)(7)(C).

98. The split disbursements and separate payments resulted in credits to his account. These instances establish that at that time, SA Baldwin or his (b)(6), (b)(7)(C) expected that the entire amount paid by the voucher would be disbursed to SA Baldwin's personal bank account and that the GTCC bill would be paid in full as the invoice came in. Such payments are consistent with SA Baldwin's testimony that his "(b)(6), (b)(7)(C) pays whatever bills are on my personal credit card or the government credit card out of the household money." These two instances of a credit on his GTCC account do not suggest that there was a problem that required a fix. Rather, they show that SA Baldwin or his (b)(6), (b)(7)(C) expected that funds would not be disbursed to the GTCC account.

99. Additionally, we noted that SA Baldwin's practice was to have the entire amount paid on the voucher disbursed to his personal bank account long before late 2011. We found one prior

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instance of a credit in September 2009 of \$326.60.<sup>23</sup> This single instance of a credit to his account did not justify his failure to use split disbursement.

100. We did not find credible SA Baldwin's assertion that he was concerned that using split disbursement would have a negative impact on his credit report because disbursements would get to his GTCC late. He provided an example of a TDY trip to Spain in September 2014 in which funds were disbursed to his GTCC account a day after he was listed as late on his GTCC payment. First, we are not persuaded that an event that happened in late September 2014 explains behavior that began years early. Next, we noted that the voucher was created nearly 1 month after SA Baldwin returned from his TDY, and not within the 5 days required of the FMR. We are confident that had SA Baldwin submitted his travel voucher in a reasonable time after returning from his TDY, his GTCC account would have been paid on time.

**Conclusion:**

101. The allegation is substantiated.

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**Allegation #3:** That SA Baldwin improperly used his personal credit card for expenses related to official Government travel in violation of 5 Code of Federal Regulations Section 2635, Standards of Conduct for Federal Employees of the Executive Branch, paragraph 2635.101, Basic obligation of public service, subparagraphs (b) (7) .

102. Subparagraph (b) (7) states: "Employees shall not use public office for private gain." With regard to traveler loyalty programs, there is an exception and the JTR permits travelers to collect and use mileage or points for personal use. This exemption does not permit, however, travelers to use their personal credit cards for expenses related to official travel.

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<sup>23</sup> The credit was offset by an airline ticket purchase on SA Baldwin's October 2009 GTCC statement.

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103. SA Baldwin testified that he received "airline points" on his personal credit card in his (b)(6), (b)(7)(c) name." Such points, which we assume are redeemable for travel or other purposes, have a monetary value. Accordingly, we concluded that by using his personal credit card for expenses related to official travel, SA Baldwin received something of value to which he was not entitled. As such, he obtained a private gain arising from his public office.

**Conclusion:**

104. The allegation is substantiated.

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**Other Matters**

105. This is the third investigation of a NCIS senior official in the past two years in which we substantiated violations related to official government travel. In our investigations we identified both process weaknesses as well as intentional disregard for the rules by NCIS senior officials related to official government travel. We believe that these findings reflect poorly on NCIS.

106. In a previous investigation as well as this investigation we found that NCIS senior leaders had their support staff sign vouchers with their CACs. We found in the previous investigation that the sharing of CACs and passwords was pervasive among the senior staff. We understand that NCIS leadership has taken action to ensure that NCIS employees no longer share their CACs and passwords.

107. In this investigation, we found that many travel vouchers were created and approved by the same individual. While there is no prohibition on a creator acting as an AO, we believe that serving in both functions is a poor process. If nothing else, it is one less set of eyes to detect errors in the processing of a claim. We recommend that NCIS leadership take action to ensure that an individual who creates a voucher does not also act as the AO for the voucher.

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108. We found that the voucher creators, reviewers, and AOs, who served in GS-7 to GS-13 positions, were too accommodating to SA Baldwin in response to his request that funds be disbursed to his personal bank account rather than to his GTCC account. We are sensitive that it would have been difficult for them to question SA Baldwin's assertion that his (b)(6), (b)(7) had previously paid his expenses based on SA Baldwin's position in NCIS. However, we believe had they felt comfortable to raise their concerns to SA Baldwin or to a NCIS official, the improper disbursements would have been avoided. We recommend that NCIS leadership take action to empower those in the voucher preparation chain to raise concerns when warranted. We also recommend that NCIS leadership consider implementing a policy in which SES travel vouchers are approved by employees in GS-15 or above positions.

109. We found that the voucher creators, reviewers, and AOs failed to detect that SA Baldwin was using his personal credit card for travel related expenses. Unfortunately, those in the travel voucher preparation and approval chain cannot assume that travelers, even NCIS senior leaders, are abiding to the travel rules. We recommend that NCIS leadership take action to highlight the need for creators, reviewers, and AOs to scrutinize vouchers in greater detail.

110. In this investigation SA Baldwin asserted that he was unaware that the use of the GTCC was required. We find such a lack of knowledge surprising, but believe that if it was true, it highlights a significant weakness in training. We recommend that NCIS leadership ensure that all NCIS senior leaders are aware of the rules related to official travel.

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